

Proposed SR 520 Initial Rate-Setting Process

Overall Objectives:

- Raise revenues consistent with adopted financial plan
- Reduce traffic congestion

Subcommittee Meeting 1

- SR 520 Rate-setting overview
- Review process and objectives
- What are variable rates?
- How will rates be adjusted?

Subcommittee Meeting 2

- Recommend new TNB rates

January Commission Meeting

Meeting Objectives:

- Understand scope of SR 520 rate-setting and differences from SR 16
- Explore what rate-setting means for a variable-tolled facility
- Agree to SR 520 rate-setting process
- **Formally propose new rates for SR 16 Tacoma Narrows Bridge**

Subcommittee Meeting 3

- Discuss need for consistency
- Truck rate structure
- Toll discounts/exemptions
- Account incentives or fees

Subcommittee Meeting 4

- Traffic and revenue scenarios
- Rate structure models
- Process to adjust rates

February Commission Meeting

Meeting Objectives:

- Understand and comment on traffic and revenue scenarios
- Agree on approaches to truck rates and toll discounts/exemptions
- Agree on structure of rate schedule
- Discuss principles/process for adjusting rates to affect traffic performance

Subcommittee Meeting 5

- Financial plan
- Differences from SR 16
- Revenue target
- Financial policies
- Looking forward to 2016

Subcommittee Meeting 6

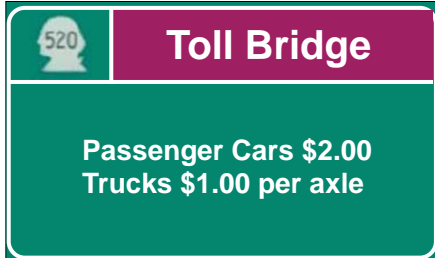
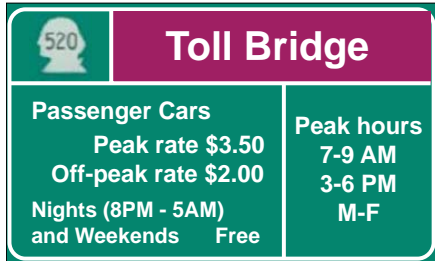
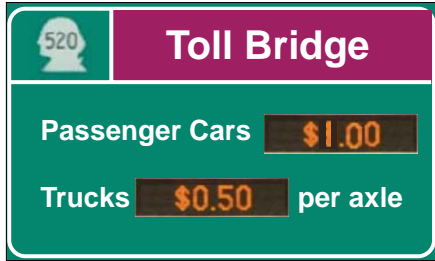
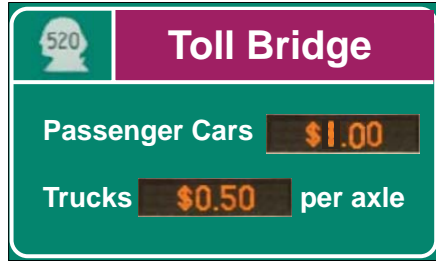
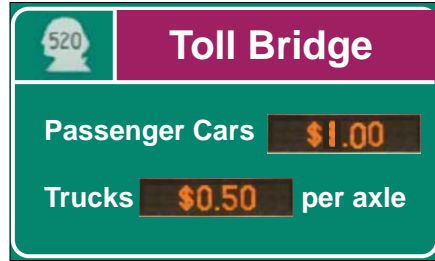
- Proposed rate schedule
- Proposed change process
- Proposed WAC

March Commission Meeting

Meeting Objectives:

- Understand financial plan and revenue requirements
- Agree on revenue target and financial policies for SR 520
- Agree on process and principles for adjusting toll rates based on traffic
- **Formally propose initial rates for the SR 520 Urban Partnership**

Examples of Different Toll Rate Structures

	Flat Rate <i>Single rate at all times</i>	Variable Peak <i>Simple peak and off-peak rates</i>	Variable Stair-Step <i>More complex; Same rate each day</i>	Variable Matrix <i>Rates set for each hour/day/direction</i>	Dynamic <i>Rate set based on traffic conditions</i>												
How rates could be communicated Signs	<div>Toll Concept</div> <div>The toll is \$2.00 (\$1/axle for trucks)</div> <div></div>	<div>RATES:</div> <div><table><tr><th>Time Period</th><th>Cars</th><th>Trucks</th></tr><tr><td>Peak Periods 7 - 9 a.m. and 3 - 6 p.m. weekdays</td><td>\$3.50</td><td>\$1.75/axle</td></tr><tr><td>Middays 5-7 a.m., 9 a.m. - 3 p.m., and 6-8 p.m.</td><td>\$2.00</td><td>\$1.00/axle</td></tr><tr><td>Nights/Weekends</td><td colspan="2">FREE</td></tr></table></div> <div></div>	Time Period	Cars	Trucks	Peak Periods 7 - 9 a.m. and 3 - 6 p.m. weekdays	\$3.50	\$1.75/axle	Middays 5-7 a.m., 9 a.m. - 3 p.m., and 6-8 p.m.	\$2.00	\$1.00/axle	Nights/Weekends	FREE		<div></div>	<div></div>	<div></div>
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Advantages	<ul style="list-style-type: none">Easiest to rememberEasiest to understand and communicate	<ul style="list-style-type: none">Fairly easy to understand and rememberHas some positive influence on reducing traffic congestionRaises more revenue than a flat rate, or allows lower off-peak rates	<ul style="list-style-type: none">Likely more efficient at reducing traffic congestion than peak/off-peak ratesLikely to raise greater revenue than peak/off-peak ratesConsistent with Toll Implementation Committee “scenario 7”May have more gradual rate changes between time periods.	<ul style="list-style-type: none">May achieve greater congestion reduction benefit and/or higher throughputMay achieve greater revenueMay have more gradual rate changes between time periods.	<ul style="list-style-type: none">This is the best approach for HOT lanes, where drivers have a choice whether to enter or notMost adaptive to variations in traffic to match demand to available capacity												
Challenges / Drawbacks	<ul style="list-style-type: none">Has least effect on reducing congestionRaises less revenue than variable ratesDoes not fulfill Urban Partnership Agreement commitment for variable tolls	<ul style="list-style-type: none">Less than optimal congestion reductionLess than optimal revenue generationSteep change in rates at end of peaks causes drivers to wait along freeway for change to lower rates	<ul style="list-style-type: none">Difficult for public to remember ratesCustomer will need to check their bill to verify what they paid	<ul style="list-style-type: none">Difficult for public to remember ratesMay be difficult to arrive at the toll point precisely when desiredCustomer will need to check their bill to verify what they paid	<ul style="list-style-type: none">Customers will not know rate until they are enroute; cannot change time of travelMay cause real-time diversion and traffic impacts to alternative routesSignificant financing risk without operating experience												
Initial Rate-setting Considerations	<ul style="list-style-type: none">Requires traditional traffic and revenue study	<ul style="list-style-type: none">Requires more sophisticated traffic and revenue study	<ul style="list-style-type: none">Requires unusually sophisticated traffic and revenue study, modeling multiple time periodsDemand model has limited value for modeling time shifts; some adjustment to rate will likely be needed based on experience	<ul style="list-style-type: none">Developing a detailed rate schedule exceeds the accuracy of predictive modelingA detailed schedule would likely need to evolve by starting tolling operations with a simpler rate schedule and making adjustments based on actual operating experience	<ul style="list-style-type: none">Not applicable; rate-setting would endorse an algorithm and set maximum and minimum rates by policy												

Examples of Different Toll Rate-setting Processes for Variable Tolling

	Commission Sets All Rates	Commission Sets Initial Rates and Adopts Rate Adjustment Process	Commission Sets Initial Rates, Sets Parameters for Adjustment
Process	<p>Initial Rates (Commission)</p> <p>Rate Adjustments (Commission)</p>	<p>Initial Rates (Commission)</p> <p>Rate Adjustments (Commission)</p>	<p>Initial Rates (Commission)</p> <p>Rate Adjustments (WSDOT)</p>
How it could work	<ul style="list-style-type: none"> A full rate-setting process is required for any rate adjustment Transportation Commission conducts all public outreach WAC addresses rate schedule only 	<ul style="list-style-type: none"> Initial rate-setting WAC provides an abbreviated process for Commission approval of updated toll rates. WSDOT would provide recommended adjustments for Commission action. Public input at Commission meeting. 	<ul style="list-style-type: none"> The Commission would adopt an initial rate schedule. Commission would adopt parameters within which WSDOT adjust rates to manage traffic.
Advantages	<ul style="list-style-type: none"> Consistent with current practice 	<ul style="list-style-type: none"> Allows more flexibility to adjust rates as needed based on traffic Rates could be adjusted quarterly, or more frequently if needed 	<ul style="list-style-type: none"> Allows the greatest flexibility to set rates that respond to traffic conditions. Allows for most complex rate structure Rates could be changed frequently
Challenges / Drawbacks	<ul style="list-style-type: none"> Very lengthy process to make changes needed to respond to traffic conditions Most likely requires a relatively simple rate structure Annual or semi-annual changes at most 	<ul style="list-style-type: none"> Extra outreach may be required to obtain public input. 	<ul style="list-style-type: none"> Some may feel this process does not provide adequate opportunity for public input
Implementation Considerations	<ul style="list-style-type: none"> Rate-setting to balance revenue and traffic needs will require the Commission to become experts on traffic operations, and understand full range of traffic management tools 	<ul style="list-style-type: none"> Rate-setting to balance revenue and traffic needs will require the Commission to become experts on traffic operations, and understand full range of traffic management tools Rule-making will need to address parameters for adjustment process. 	<ul style="list-style-type: none"> Commission will want to identify parameters within which toll rate adjustments will be acceptable. Rate adjustments would be a technical process based on traffic data.